



CFO Compliance

28 SEPTEMBER 2004



Bottom Line Up Front



- World class organizations get clean opinions on their financial statements
- DLA goal is an opinion on FY 07 statements for:
 - Supply Management
 - Distribution
 - Reutilization and Marketing
 - Defense Automated Production
 - Defense National Stockpile
 - General Funds
 - O&M Procurement, RDT&E, MILCON



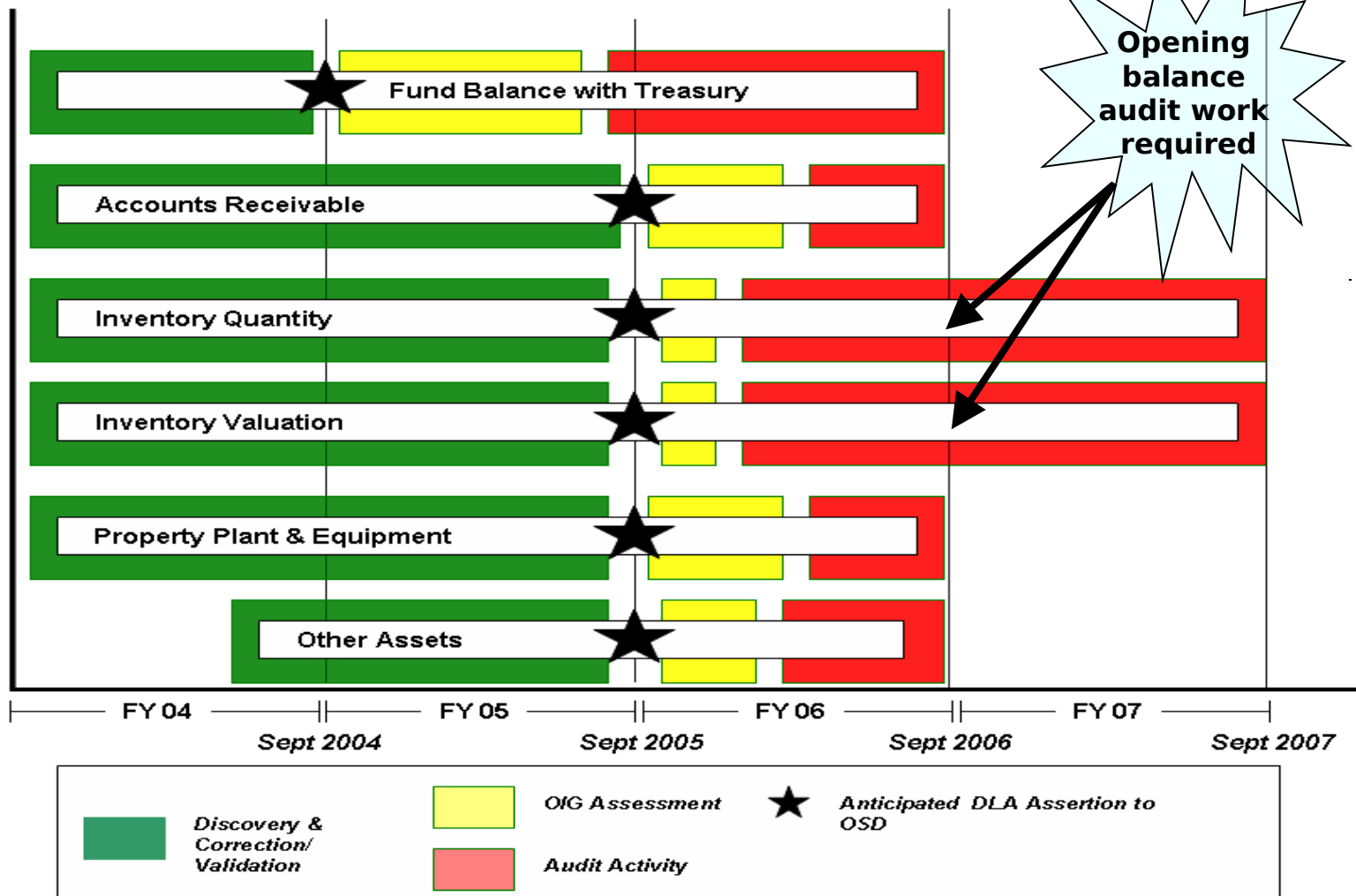
Getting Ready for Audit, the Approved OSD Framework



- Services and Defense agencies submit financial improvement plans and timelines
- Components complete actions
- Components “assert” that specific accounts are ready for audit
- IG/OSD approve or reject assertion documentation package
- IG oversees audit and gives opinion

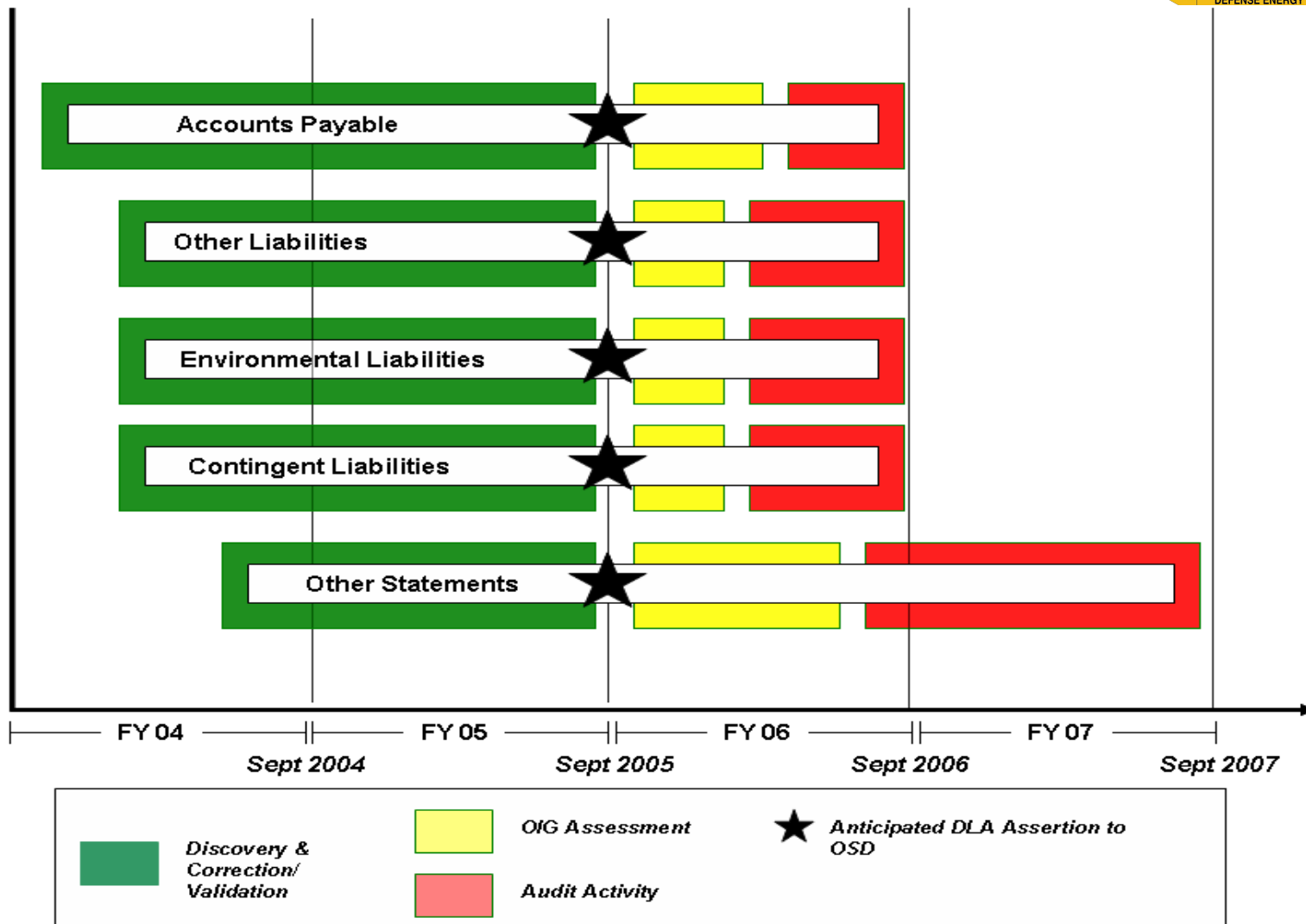


Management Assertions





Management Assertions





Management – Assertion Phase Submission



Agencies are required to prepare a package of materials for submission when they are ready to assert that individual line items are “auditable.” Package will include the following:

- ✓ Documentation of procedures, processes, and information systems
- ✓ Provide general ledger transaction detail and supporting information from feeder systems
- ✓ Include all accounting adjustments that have an effect on the ending balance
- ✓ Consolidate or map evidential matter supporting transaction detail and accounting adjustments
- ✓ Compile organization charts
- ✓ Summarize validation work performed by auditors
- ✓ Corrective actions/POAMs for deficiencies noted

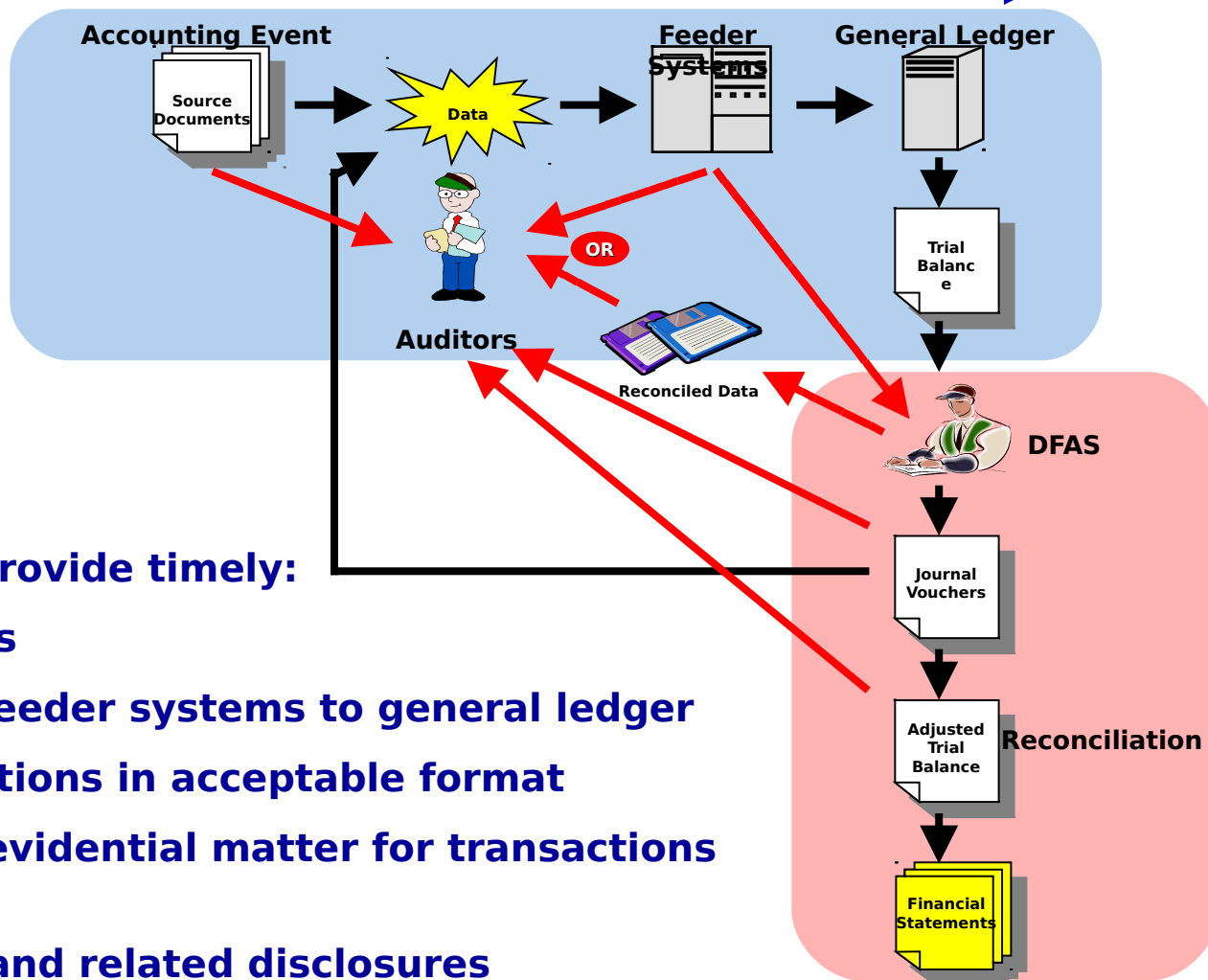


Auditability



DEFENSE ENERGY SUPPORT CENTER

Business Process Understandings



DLA must be able to provide timely:

Adjusted trial balances

Reconciliations from feeder systems to general ledger

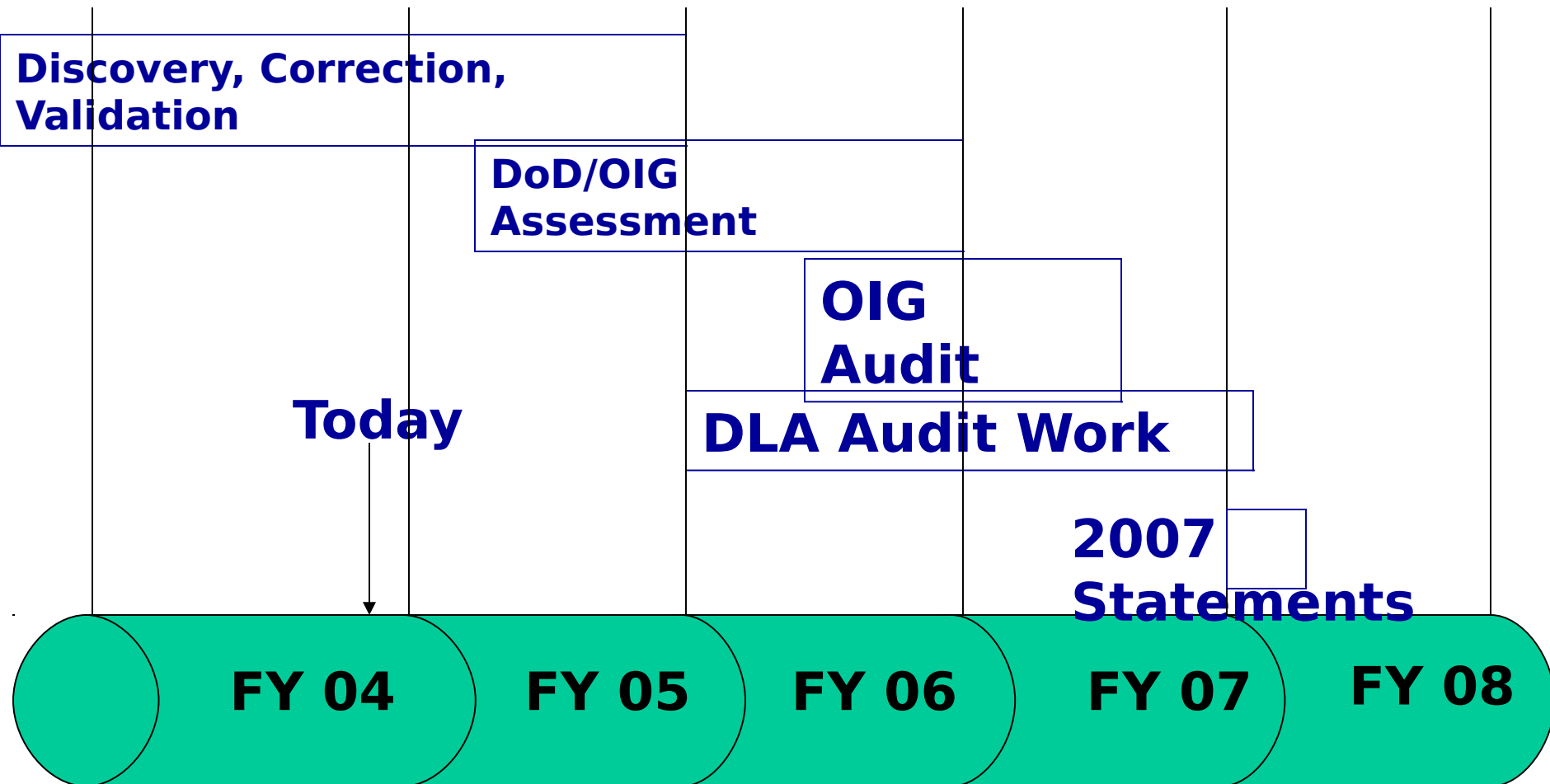
Feeder system populations in acceptable format

Sufficient competent evidential matter for transactions and JVs

Financial statements and related disclosures



CFO Timeline Marching to an Opinion





In Summary



It's up to us – all of us.

The statements can be ready for audit.

The agency must support the audit.

Long way to go, short time to get there!